

SCHOOL CAPITAL OUTLAY EQUALIZATION

2007 FIRST SPECIAL SESSION

STATE OF UTAH

Chief Sponsor: Gregory H. Hughes

Senate Sponsor: _____

LONG TITLE

General Description:

This bill addresses the equalization of school capital outlay funding in counties of the first class.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ requires each school district in a county of the first class to levy a capital outlay property tax at a specified rate in order to receive the state contribution toward the minimum basic program;
- ▶ allocates the revenue generated under the capital outlay levy to school districts located in a county of the first class;
- ▶ addresses truth in taxation notice and hearing requirements for school districts imposing the capital outlay levy;
- ▶ addresses the calculation of the certified tax rate with respect to the capital outlay levy; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on January 1, 2009.



28 **Utah Code Sections Affected:**

29 AMENDS:

30 **53A-16-107**, as last amended by Laws of Utah 1999, Chapter 332

31 **53A-17a-135**, as last amended by Laws of Utah 2007, Chapter 2

32 **59-2-924**, as last amended by Laws of Utah 2007, Chapters 107 and 329

33 ENACTS:

34 **53A-16-107.1**, Utah Code Annotated 1953

35 **59-2-924.2**, Utah Code Annotated 1953



37 *Be it enacted by the Legislature of the state of Utah:*

38 Section 1. Section **53A-16-107** is amended to read:

39 **53A-16-107. Capital outlay levy -- Maintenance of school facilities -- Authority to**
40 **use proceeds of .0002 tax rate -- Restrictions and procedure.**

41 (1) ~~[(a) A]~~ Subject to Subsection (3), a local school board may annually impose a
42 capital outlay levy [a tax not to exceed .0024 per dollar of taxable value for debt service and
43 capital outlay:] not to exceed .0024 per dollar of taxable value to be used for:

44 (a) capital outlay;

45 (b) debt service; and

46 (c) subject to Subsection (2), school facility maintenance.

47 ~~[(b) Each]~~ (2) (a) A local school board may utilize the proceeds of a maximum of
48 .0002 per dollar of taxable value of [its] the local school board's annual capital outlay levy for
49 the maintenance of school [plants] facilities in [its] the school district.

50 ~~[(2)]~~ (b) A local school board that uses the option provided under Subsection [(1)(b)]
51 must do the following] (2)(a) shall:

52 ~~[(a)]~~ (i) maintain the same level of expenditure for maintenance in the current year as it
53 did in the preceding year, plus the annual average percentage increase applied to the
54 maintenance and operation budget for the current year; and

55 ~~[(b)]~~ (ii) identify the expenditure of capital outlay funds for maintenance by a district
56 project number to ensure that the funds [were] are expended in the manner intended.

57 ~~[(3)]~~ (c) The State Board of Education shall establish by rule the expenditure
58 classification for maintenance under this program using a standard classification system.

59 (3) In order to qualify for receipt of the state contribution toward the basic program
60 described in Section 53A-17a-135, a local school board in a county of the first class shall
61 impose a capital outlay levy of at least .0009 per dollar of taxable value.

62 (4) The county treasurer of a county of the first class shall distribute revenues
63 generated by the .0009 portion of the capital outlay levy described in Subsection (3) to school
64 districts within the county in accordance with Section 53A-16-107.1.

65 Section 2. Section **53A-16-107.1** is enacted to read:

66 **53A-16-107.1. School capital outlay in counties of the first class -- Allocation.**

67 (1) The county treasurer of a county of the first class shall distribute revenues
68 generated by the .0009 portion of the capital outlay levy described in Subsection
69 53A-16-107(3) to school districts located within the county of the first class as follows:

70 (a) 50% of the revenues shall be distributed in proportion to a school district's
71 percentage of the total enrollment growth in all of the school districts within the county that
72 have an increase in enrollment, calculated on the basis of the average enrollment growth in all
73 of the school districts within the county that have an increase in enrollment during the prior
74 three years, as of the October 1 enrollment counts; and

75 (b) 50% of the revenues shall be distributed in proportion to a school district's
76 percentage of the total prior year enrollment in all of the school districts within the county, as
77 of the October 1 enrollment counts.

78 (2) If a new school district is created or school district boundaries are adjusted, the
79 enrollment for each affected school district shall be calculated on the basis of enrollment in
80 school district schools located within that school district's newly created or adjusted
81 boundaries, as of October 1 enrollment counts.

82 (3) On or before December 31 of each year, the State Board of Education shall provide
83 a county treasurer with audited enrollment information from the fall enrollment audit necessary
84 to distribute revenues as required by this section.

85 (4) On or before March 31 of each year, a county treasurer in a county of the first class
86 shall distribute the revenue generated within the first class county during the prior calendar
87 year from the capital outlay levy described in Section 53A-16-107.

88 Section 3. Section **53A-17a-135** is amended to read:

89 **53A-17a-135. Minimum basic tax rate -- Certified revenue levy.**

90 (1) (a) In order to qualify for receipt of the state contribution toward the basic program
91 and as its contribution toward its costs of the basic program[-];

92 (i) each school district shall impose a minimum basic tax rate per dollar of taxable
93 value that generates \$245,254,790 in revenues statewide[-]; and

94 (ii) a local school board in a county of the first class shall impose the capital outlay
95 levy described in Subsection 53A-16-107(3).

96 (b) The preliminary estimate for the 2007-08 minimum basic tax rate is .001474.

97 (c) The State Tax Commission shall certify on or before June 22 the rate that generates
98 \$245,254,790 in revenues statewide.

99 (d) If the minimum basic tax rate exceeds the certified revenue levy as defined in
100 Section 53A-17a-103, the state is subject to the notice requirements of Section 59-2-926.

101 (2) (a) The state shall contribute to each district toward the cost of the basic program in
102 the district that portion which exceeds the proceeds of the levy authorized under Subsection
103 (1).

104 (b) In accord with the state strategic plan for public education and to fulfill its
105 responsibility for the development and implementation of that plan, the Legislature instructs
106 the State Board of Education, the governor, and the Office of Legislative Fiscal Analyst in each
107 of the coming five years to develop budgets that will fully fund student enrollment growth.

108 (3) (a) If the proceeds of the levy authorized under Subsection (1) equal or exceed the
109 cost of the basic program in a school district, no state contribution shall be made to the basic
110 program.

111 (b) The proceeds of the levy authorized under Subsection (1) which exceed the cost of
112 the basic program shall be paid into the Uniform School Fund as provided by law.

113 Section 4. Section **59-2-924** is amended to read:

114 **59-2-924. Report of valuation of property to county auditor and commission --**
115 **Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified**
116 **tax rate -- Rulemaking authority -- Adoption of tentative budget.**

117 (1) (a) Before June 1 of each year, the county assessor of each county shall deliver to
118 the county auditor and the commission the following statements:

119 (i) a statement containing the aggregate valuation of all taxable property in each taxing
120 entity; and

121 (ii) a statement containing the taxable value of any additional personal property
122 estimated by the county assessor to be subject to taxation in the current year.

123 (b) The county auditor shall, on or before June 8, transmit to the governing body of
124 each taxing entity:

125 (i) the statements described in Subsections (1)(a)(i) and (ii);

126 (ii) an estimate of the revenue from personal property;

127 (iii) the certified tax rate; and

128 (iv) all forms necessary to submit a tax levy request.

129 (2) (a) (i) The "certified tax rate" means a tax rate that will provide the same ad
130 valorem property tax revenues for a taxing entity as were budgeted by that taxing entity for the
131 prior year.

132 (ii) For purposes of this Subsection (2), "ad valorem property tax revenues" do not
133 include:

134 (A) collections from redemptions;

135 (B) interest;

136 (C) penalties; and

137 (D) revenue received by a taxing entity from personal property that is:

138 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

139 (II) semiconductor manufacturing equipment.

140 (iii) (A) Except as otherwise provided in this section, the certified tax rate shall be
141 calculated by dividing the ad valorem property tax revenues budgeted for the prior year by the
142 taxing entity by the amount calculated under Subsection (2)(a)(iii)(B).

143 (B) For purposes of Subsection (2)(a)(iii)(A), the legislative body of a taxing entity
144 shall calculate an amount as follows:

145 (I) calculate for the taxing entity the difference between:

146 (Aa) the aggregate taxable value of all property taxed; and

147 (Bb) any redevelopment adjustments for the current calendar year;

148 (II) after making the calculation required by Subsection (2)(a)(iii)(B)(I), calculate an
149 amount determined by increasing or decreasing the amount calculated under Subsection
150 (2)(a)(iii)(B)(I) by the average of the percentage net change in the value of taxable property for
151 the equalization period for the three calendar years immediately preceding the current calendar

152 year;

153 (III) after making the calculation required by Subsection (2)(a)(iii)(B)(II), calculate the
154 product of:

155 (Aa) the amount calculated under Subsection (2)(a)(iii)(B)(II); and

156 (Bb) the percentage of property taxes collected for the five calendar years immediately
157 preceding the current calendar year; and

158 (IV) after making the calculation required by Subsection (2)(a)(iii)(B)(III), calculate an
159 amount determined by subtracting from the amount calculated under Subsection

160 (2)(a)(iii)(B)(III) any new growth as defined in this section:

161 (Aa) within the taxing entity; and

162 (Bb) for the current calendar year.

163 (C) For purposes of Subsection (2)(a)(iii)(B)(I), the aggregate taxable value of all
164 property taxed:

165 (I) except as provided in Subsection (2)(a)(iii)(C)(II), includes the total taxable value of
166 the real and personal property contained on the tax rolls of the taxing entity; and

167 (II) does not include the total taxable value of personal property contained on the tax
168 rolls of the taxing entity that is:

169 (Aa) assessed by a county assessor in accordance with Part 3, County Assessment; and

170 (Bb) semiconductor manufacturing equipment.

171 (D) For purposes of Subsection (2)(a)(iii)(B)(II), for calendar years beginning on or
172 after January 1, 2007, the value of taxable property does not include the value of personal
173 property that is:

174 (I) within the taxing entity assessed by a county assessor in accordance with Part 3,
175 County Assessment; and

176 (II) semiconductor manufacturing equipment.

177 (E) For purposes of Subsection (2)(a)(iii)(B)(III)(Bb), for calendar years beginning on
178 or after January 1, 2007, the percentage of property taxes collected does not include property
179 taxes collected from personal property that is:

180 (I) within the taxing entity assessed by a county assessor in accordance with Part 3,
181 County Assessment; and

182 (II) semiconductor manufacturing equipment.

183 (F) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
184 the commission may prescribe rules for calculating redevelopment adjustments for a calendar
185 year.

186 (iv) (A) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking
187 Act, the commission shall make rules determining the calculation of ad valorem property tax
188 revenues budgeted by a taxing entity.

189 (B) For purposes of Subsection (2)(a)(iv)(A), ad valorem property tax revenues
190 budgeted by a taxing entity shall be calculated in the same manner as budgeted property tax
191 revenues are calculated for purposes of Section 59-2-913.

192 (v) The certified tax rates for the taxing entities described in this Subsection (2)(a)(v)
193 shall be calculated as follows:

194 (A) except as provided in Subsection (2)(a)(v)(B), for new taxing entities the certified
195 tax rate is zero;

196 (B) for each municipality incorporated on or after July 1, 1996, the certified tax rate is:

197 (I) in a county of the first, second, or third class, the levy imposed for municipal-type
198 services under Sections 17-34-1 and 17-36-9; and

199 (II) in a county of the fourth, fifth, or sixth class, the levy imposed for general county
200 purposes and such other levies imposed solely for the municipal-type services identified in
201 Section 17-34-1 and Subsection 17-36-3(22); and

202 (C) for debt service voted on by the public, the certified tax rate shall be the actual levy
203 imposed by that section, except that the certified tax rates for the following levies shall be
204 calculated in accordance with Section 59-2-913 and this section:

205 (I) school leeways provided for under Sections 11-2-7, 53A-16-110, 53A-17a-125,
206 53A-17a-127, 53A-17a-133, 53A-17a-134, 53A-17a-143, 53A-17a-145, and 53A-21-103; and

207 (II) levies to pay for the costs of state legislative mandates or judicial or administrative
208 orders under Section 59-2-906.3.

209 (vi) (A) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 shall be
210 established at that rate which is sufficient to generate only the revenue required to satisfy one
211 or more eligible judgments, as defined in Section 59-2-102.

212 (B) The ad valorem property tax revenue generated by the judgment levy shall not be
213 considered in establishing the taxing entity's aggregate certified tax rate.

214 (vii) The ad valorem property tax revenue generated by the capital outlay levy
215 described in Section 53A-16-107 within a taxing entity in a county of the first class:
216 (A) may not be considered in establishing the taxing entity's aggregate certified tax
217 rate; and
218 (B) shall be included by the commission in establishing a certified tax rate for that
219 capital outlay levy determined in accordance with the calculation described in Subsection
220 59-2-913(3).
221 (b) (i) For the purpose of calculating the certified tax rate, the county auditor shall use
222 the taxable value of property on the assessment roll.
223 (ii) For purposes of Subsection (2)(b)(i), the taxable value of property on the
224 assessment roll does not include:
225 (A) new growth as defined in Subsection (2)(b)(iii); or
226 (B) the total taxable value of personal property contained on the tax rolls of the taxing
227 entity that is:
228 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and
229 (II) semiconductor manufacturing equipment.
230 (iii) "New growth" means:
231 (A) the difference between the increase in taxable value of the taxing entity from the
232 previous calendar year to the current year; minus
233 (B) the amount of an increase in taxable value described in Subsection (2)(b)(v).
234 (iv) For purposes of Subsection (2)(b)(iii), the taxable value of the taxing entity does
235 not include the taxable value of personal property that is:
236 (A) contained on the tax rolls of the taxing entity if that property is assessed by a
237 county assessor in accordance with Part 3, County Assessment; and
238 (B) semiconductor manufacturing equipment.
239 (v) Subsection (2)(b)(iii)(B) applies to the following increases in taxable value:
240 (A) the amount of increase to locally assessed real property taxable values resulting
241 from factoring, reappraisal, or any other adjustments; or
242 (B) the amount of an increase in the taxable value of property assessed by the
243 commission under Section 59-2-201 resulting from a change in the method of apportioning the
244 taxable value prescribed by:

- 245 (I) the Legislature;
- 246 (II) a court;
- 247 (III) the commission in an administrative rule; or
- 248 (IV) the commission in an administrative order.

249 (c) Beginning January 1, 1997, if a taxing entity receives increased revenues from
250 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1,
251 59-2-405.2, or 59-2-405.3 as a result of any county imposing a sales and use tax under Chapter
252 12, Part 11, County Option Sales and Use Tax, the taxing entity shall decrease its certified tax
253 rate to offset the increased revenues.

254 (d) (i) Beginning July 1, 1997, if a county has imposed a sales and use tax under
255 Chapter 12, Part 11, County Option Sales and Use Tax, the county's certified tax rate shall be:

256 (A) decreased on a one-time basis by the amount of the estimated sales and use tax
257 revenue to be distributed to the county under Subsection 59-12-1102(3); and

258 (B) increased by the amount necessary to offset the county's reduction in revenue from
259 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1,
260 59-2-405.2, or 59-2-405.3 as a result of the decrease in the certified tax rate under Subsection
261 (2)(d)(i)(A).

262 (ii) The commission shall determine estimates of sales and use tax distributions for
263 purposes of Subsection (2)(d)(i).

264 (e) Beginning January 1, 1998, if a municipality has imposed an additional resort
265 communities sales tax under Section 59-12-402, the municipality's certified tax rate shall be
266 decreased on a one-time basis by the amount necessary to offset the first 12 months of
267 estimated revenue from the additional resort communities sales and use tax imposed under
268 Section 59-12-402.

269 (f) (i) (A) For fiscal year 2000, the certified tax rate of each county required under
270 Subsection 17-34-1(4)(a) to provide advanced life support and paramedic services to the
271 unincorporated area of the county shall be decreased by the amount necessary to reduce
272 revenues in that fiscal year by an amount equal to the difference between the amount the county
273 budgeted in its 2000 fiscal year budget for advanced life support and paramedic services
274 countywide and the amount the county spent during fiscal year 2000 for those services,
275 excluding amounts spent from a municipal services fund for those services.

276 (B) For fiscal year 2001, the certified tax rate of each county to which Subsection
277 (2)(f)(i)(A) applies shall be decreased by the amount necessary to reduce revenues in that fiscal
278 year by the amount that the county spent during fiscal year 2000 for advanced life support and
279 paramedic services countywide, excluding amounts spent from a municipal services fund for
280 those services.

281 (ii) (A) A city or town located within a county of the first class to which Subsection
282 (2)(f)(i) applies may increase its certified tax rate by the amount necessary to generate within
283 the city or town the same amount of revenues as the county would collect from that city or
284 town if the decrease under Subsection (2)(f)(i) did not occur.

285 (B) An increase under Subsection (2)(f)(ii)(A), whether occurring in a single fiscal year
286 or spread over multiple fiscal years, is not subject to the notice and hearing requirements of
287 Sections 59-2-918 and 59-2-919.

288 (g) (i) The certified tax rate of each county required under Subsection 17-34-1(4)(b) to
289 provide detective investigative services to the unincorporated area of the county shall be
290 decreased:

291 (A) in fiscal year 2001 by the amount necessary to reduce revenues in that fiscal year
292 by at least \$4,400,000; and

293 (B) in fiscal year 2002 by the amount necessary to reduce revenues in that fiscal year
294 by an amount equal to the difference between \$9,258,412 and the amount of the reduction in
295 revenues under Subsection (2)(g)(i)(A).

296 (ii) (A) (I) Beginning with municipal fiscal year 2002, a city or town located within a
297 county to which Subsection (2)(g)(i) applies may increase its certified tax rate to generate
298 within the city or town the same amount of revenue as the county would have collected during
299 county fiscal year 2001 from within the city or town except for Subsection (2)(g)(i)(A).

300 (II) Beginning with municipal fiscal year 2003, a city or town located within a county
301 to which Subsection (2)(g)(i) applies may increase its certified tax rate to generate within the
302 city or town the same amount of revenue as the county would have collected during county
303 fiscal year 2002 from within the city or town except for Subsection (2)(g)(i)(B).

304 (B) (I) Except as provided in Subsection (2)(g)(ii)(B)(II), an increase in the city or
305 town's certified tax rate under Subsection (2)(g)(ii)(A), whether occurring in a single fiscal year
306 or spread over multiple fiscal years, is subject to the notice and hearing requirements of

307 Sections 59-2-918 and 59-2-919.

308 (II) For an increase under this Subsection (2)(g)(ii) that generates revenue that does not
309 exceed the same amount of revenue as the county would have collected except for Subsection
310 (2)(g)(i), the requirements of Sections 59-2-918 and 59-2-919 do not apply if the city or town:

311 (Aa) publishes a notice that meets the size, type, placement, and frequency
312 requirements of Section 59-2-919, reflects that the increase is a shift of a tax from one imposed
313 by the county to one imposed by the city or town, and explains how the revenues from the tax
314 increase will be used; and

315 (Bb) holds a public hearing on the tax shift that may be held in conjunction with the
316 city or town's regular budget hearing.

317 (h) (i) This Subsection (2)(h) applies to each county that:

318 (A) establishes a countywide special service district under Title 17A, Chapter 2, Part
319 13, Utah Special Service District Act, to provide jail service, as provided in Subsection
320 17A-2-1304(1)(a)(x); and

321 (B) levies a property tax on behalf of the special service district under Section
322 17A-2-1322.

323 (ii) (A) The certified tax rate of each county to which this Subsection (2)(h) applies
324 shall be decreased by the amount necessary to reduce county revenues by the same amount of
325 revenues that will be generated by the property tax imposed on behalf of the special service
326 district.

327 (B) Each decrease under Subsection (2)(h)(ii)(A) shall occur contemporaneously with
328 the levy on behalf of the special service district under Section 17A-2-1322.

329 (i) (i) As used in this Subsection (2)(i):

330 (A) "Annexing county" means a county whose unincorporated area is included within a
331 fire district by annexation.

332 (B) "Annexing municipality" means a municipality whose area is included within a fire
333 district by annexation.

334 (C) "Equalized fire protection tax rate" means the tax rate that results from:

335 (I) calculating, for each participating county and each participating municipality, the
336 property tax revenue necessary to cover all of the costs associated with providing fire
337 protection, paramedic, and emergency services:

338 (Aa) for a participating county, in the unincorporated area of the county; and
339 (Bb) for a participating municipality, in the municipality; and
340 (II) adding all the amounts calculated under Subsection (2)(i)(i)(C)(I) for all
341 participating counties and all participating municipalities and then dividing that sum by the
342 aggregate taxable value of the property, as adjusted in accordance with Section 59-2-913:

343 (Aa) for participating counties, in the unincorporated area of all participating counties;
344 and

345 (Bb) for participating municipalities, in all the participating municipalities.

346 (D) "Fire district" means a service area under Title 17B, Chapter 2a, Part 9, Service
347 Area Act, in the creation of which an election was not required under Subsection
348 17B-1-214(3)(c).

349 (E) "Fire protection tax rate" means:

350 (I) for an annexing county, the property tax rate that, when applied to taxable property
351 in the unincorporated area of the county, generates enough property tax revenue to cover all the
352 costs associated with providing fire protection, paramedic, and emergency services in the
353 unincorporated area of the county; and

354 (II) for an annexing municipality, the property tax rate that generates enough property
355 tax revenue in the municipality to cover all the costs associated with providing fire protection,
356 paramedic, and emergency services in the municipality.

357 (F) "Participating county" means a county whose unincorporated area is included
358 within a fire district at the time of the creation of the fire district.

359 (G) "Participating municipality" means a municipality whose area is included within a
360 fire district at the time of the creation of the fire district.

361 (ii) In the first year following creation of a fire district, the certified tax rate of each
362 participating county and each participating municipality shall be decreased by the amount of
363 the equalized fire protection tax rate.

364 (iii) In the first year following annexation to a fire district, the certified tax rate of each
365 annexing county and each annexing municipality shall be decreased by the fire protection tax
366 rate.

367 (iv) Each tax levied under this section by a fire district shall be considered to be levied
368 by:

369 (A) each participating county and each annexing county for purposes of the county's
370 tax limitation under Section 59-2-908; and

371 (B) each participating municipality and each annexing municipality for purposes of the
372 municipality's tax limitation under Section 10-5-112, for a town, or Section 10-6-133, for a
373 city.

374 (j) For the calendar year beginning on January 1, 2007, the calculation of a taxing
375 entity's certified tax rate shall be adjusted by the amount necessary to offset any change in the
376 certified tax rate that may result from excluding the following from the certified tax rate under
377 Subsection (2)(a) enacted by the Legislature during the 2007 General Session:

378 (i) personal property tax revenue:

379 (A) received by a taxing entity;

380 (B) assessed by a county assessor in accordance with Part 3, County Assessment; and

381 (C) for personal property that is semiconductor manufacturing equipment; or

382 (ii) the taxable value of personal property:

383 (A) contained on the tax rolls of a taxing entity;

384 (B) assessed by a county assessor in accordance with Part 3, County Assessment; and

385 (C) that is semiconductor manufacturing equipment.

386 (3) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.

387 (b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county
388 auditor of:

389 (i) its intent to exceed the certified tax rate; and

390 (ii) the amount by which it proposes to exceed the certified tax rate.

391 (c) The county auditor shall notify all property owners of any intent to exceed the
392 certified tax rate in accordance with Subsection 59-2-919(2).

393 (4) (a) The taxable value for the base year under Subsection 17C-1-102(6) shall be
394 reduced for any year to the extent necessary to provide a community development and renewal
395 agency established under Title 17C, Limited Purpose Local Government Entities - Community
396 Development and Renewal Agencies, with approximately the same amount of money the
397 agency would have received without a reduction in the county's certified tax rate if:

398 (i) in that year there is a decrease in the certified tax rate under Subsection (2)(c) or
399 (2)(d)(i);

400 (ii) the amount of the decrease is more than 20% of the county's certified tax rate of the
401 previous year; and

402 (iii) the decrease results in a reduction of the amount to be paid to the agency under
403 Section 17C-1-403 or 17C-1-404.

404 (b) The base taxable value under Subsection 17C-1-102(6) shall be increased in any
405 year to the extent necessary to provide a community development and renewal agency with
406 approximately the same amount of money as the agency would have received without an
407 increase in the certified tax rate that year if:

408 (i) in that year the base taxable value under Subsection 17C-1-102(6) is reduced due to
409 a decrease in the certified tax rate under Subsection (2)(c) or (2)(d)(i); and

410 (ii) The certified tax rate of a city, school district, local district, or special service
411 district increases independent of the adjustment to the taxable value of the base year.

412 (c) Notwithstanding a decrease in the certified tax rate under Subsection (2)(c) or
413 (2)(d)(i), the amount of money allocated and, when collected, paid each year to a community
414 development and renewal agency established under Title 17C, Limited Purpose Local
415 Government Entities - Community Development and Renewal Agencies, for the payment of
416 bonds or other contract indebtedness, but not for administrative costs, may not be less than that
417 amount would have been without a decrease in the certified tax rate under Subsection (2)(c) or
418 (2)(d)(i).

419 Section 5. Section **59-2-924.2** is enacted to read:

420 **59-2-924.2. Adjustment of the calculation of the certified tax rate for a school**
421 **district imposing a capital outlay levy.**

422 (1) As used in this section:

423 (a) "Capital outlay enrollment increment" means the amount of revenue equal to the
424 difference between:

425 (i) the amount of revenue generated by a levy of .0009 per dollar of taxable value
426 within a school district during a fiscal year; and

427 (ii) the amount of revenue the school district received during the same fiscal year from
428 the distribution described in Subsection 53A-16-107.1(1).

429 (b) "Levy increment" means the amount of revenue equal to the difference between:

430 (i) the amount of revenue generated by the total capital outlay levy described in Section

431 53A-16-107 imposed by a school district during a fiscal year; and

432 (ii) the amount of revenue generated by a levy of .0009 per dollar of taxable value
433 within the school district during the same fiscal year.

434 (c) "Receiving school district" means a school district in a county of the first class that
435 in a fiscal year receives more revenue from the distribution described in Subsection
436 53A-16-107.1(1) than it would have received during the same fiscal year from a levy imposed
437 within the school district of .0009 per dollar of taxable value.

438 (2) A receiving school district shall decrease its capital outlay certified tax rate under
439 Subsection 59-2-924(2)(a)(vii)(B) by the amount required to offset the receiving school
440 district's capital outlay enrollment increment for that fiscal year.

441 (3) Beginning with fiscal year 2009-10, a school district in a county of the first class is
442 exempt from the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 if:

443 (a) the school district budgets an increased amount of ad valorem property tax revenue
444 exclusive of new growth as defined in Subsection 59-2-924(2) for the capital outlay levy
445 described in Section 53A-16-107; and

446 (b) the total capital outlay levy under Section 53A-16-107 for that school district is
447 .0009 per dollar of taxable value.

448 (4) Beginning with fiscal year 2010-11, a school district in a county of the first class is
449 exempt from the public notice and hearing requirements of Sections 59-2-918 and 59-2-919 if:

450 (a) the school district budgets an increased amount of ad valorem property tax revenue
451 exclusive of new growth as defined in Subsection 59-2-924(2) for the capital outlay levy
452 described in Section 53A-16-107; and

453 (b) the increased amount of ad valorem property tax revenue described in Subsection
454 (4)(a) is less than or equal to that school district's levy increment for the prior year.

455 (5) Regardless of the amount a school district receives from the revenue collected from
456 the .0009 portion of the capital outlay levy described in Subsection 53A-16-107(3), the revenue
457 generated within the school district from the .0009 portion of the capital outlay levy described
458 in Subsection 53A-16-107(3) shall be considered to be budgeted ad valorem property tax
459 revenues of the school district that levies the .0009 portion of the capital outlay levy for
460 purposes of calculating the school district's certified tax rate in accordance with Subsection
461 59-2-924(2)(a)(vii)(B).

462 Section 6. **Effective date.**

463 This bill takes effect on January 1, 2009.

Legislative Review Note
as of 8-17-07 10:34 AM

Office of Legislative Research and General Counsel

H.B. 1003 - School Capital Outlay Equalization

Fiscal Note

2007 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Enactment of this bill may result in adjustment of tax levies and redistribution of associated revenue among school districts in counties of the first class. Counties of the first class may incur additional costs associated with coordination, billing, collection, and distribution of tax revenues among school districts. Individuals and businesses may experience increases or decreases to property taxes in counties of the first class. Potential tax changes may require adjustment of redevelopment agency base year values for redevelopment projects within counties of the first class.
